**Darwin Initiative Innovation Annual Report**

**Darwin Initiative Project Information**

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| Project reference | DARNV010 |
| Project title | Scaling evidence-based Inclusive Conservation Finance models in Uganda and Tanzania |
| Country/ies | Uganda and Tanzania |
| Lead partner | Fauna & Flora International |
| Project partner(s) | Greenfi Systems Ltd, MCCN Ltd (renamed from Mwambao Coastal Community Network) from Tanzania and Private Forest Owner Associations (PFOA) from Uganda |
| Darwin grant value | £ 199,717.00 |
| Start/end dates of project | Start date: 1st July 2022 End date: 30th June 2024 |
| Reporting period (e.g. Apr 2022 – Mar 2023) and number (e.g. Annual Report 1, 2, 3) | Reporting period - 1st July 2022 to 31st March 2023 Annual Report number 1 |
| Project Leader name | Kiran Mohanan, Fauna & Flora |
| Project website/blog/social media | |
| Report author(s) and date | Date: 28.04.2023 Authors: Mrunmayee Amarnath (FFI) Kiran Mohanan (FFI) Rogers Niwamanya (FFI) Hope Beatty (MCCN) Abubakar Othman (MCCN) Mark Ellis – Jones (Greenfi) |

## 1.    Project summary

The main innovation aspect of the project is application of Inclusive Conservation Finance (ICF) as a financial instrument to address conservation challenges. Inclusive financial models such as Village Savings & Loan Association (VSLA) and microloan programs have been used extensively in the development sector but are comparatively novel to the conservation sector. This project aims to strengthen existing ICF mechanism in community groups, living in the high biodiversity value areas, to bring it to a stage ready for scale up of their operations and impacts. Two project sites have been carefully selected, a forested landscape in Uganda and seascape in Tanzania, making the lesson learnt relevant for both ecosystems.

The project focuses on northern Albertine Rift between Budongo & Mukihani Forest Reserves and Wambabya & Bugoma Forest Reserves in Uganda (*Image 1*). These linkage areas in

Albertine Rift are key for Eastern Chimpanzees (Pan troglodytes schweinfurthii), classified as Endangered (IUCN Red List). ICF models supported by this project addresses key challenges of this landscape, habitat degradation and forest fragmentation due to subsistence farming. In Tanzania, ICF models support mangrove restoration, reef ecosystem health; improve sustainability of key fisheries; reduce targeted hunting of vulnerable fish species; examine the threats to cetaceans, sharks and turtles in Pemba Channel Conservation Area (PECCA) in Pemba Island and in Tumbatu Island Conservation Area (TUMCA) in Unguja island, Zanzibar archipelago (*Image 2*). The region was declared a Conservation Area in 2005 by the Government of Zanzibar.

This work in Uganda builds on FFI's previous and current work to establish VSLAs as means to incentivise and create financial resources for conservation activities. It has been historically funded by the United States Fish and Wildlife Service (USFWs) and had received funding under Darwin's Covid-19 Rapid Response (CV19RR26). VSLAs were set up, and revolving funds were provided to groups performing savings and loan operations well. Similarly, in Tanzania, eco-credit groups were piloted under Darwin Initiative (24-008), and currently, 27 groups have been formed in the project sites, providing loans to community members committed to local co-management rules for sustainable resource use. Overall results of pilot models were promising at the beginning of this project with 257 community members engaged in natural resource management and 74 biodiversity-friendly enterprises supported with access to affordable credit that were clearly generating biodiversity and social impacts. However, the groups were faced with some challenges to scale up the operations such as, weak governance in the community based natural resource management (CBNRM) institutions, high cost of accurately monitoring biodiversity and social impact of the capital borrowed, high dependency on grant funding for technical and financial resources for scale up and the need for more evidence on biodiversity impacts.

In this context, this innovation project was specifically designed to support the community groups to strengthen their governance and equity mechanisms, strengthen conservation commitments through a participatory process, introduce digital record keeping system for accurate and transparent fund management and explore partnerships for linking ICF model with private financial service ecosystem to reduce grant dependency. An overall assessment of the model at the end of the project is expected to share learnings to scale up evidence based ICF models that reduce poverty and generate direct incentives to community members for biodiversity conservation.

Thus, long-term impact of this innovative economic instrument is to incentivise conservation efforts, strengthen community-based natural resource governance, poverty alleviation, boost household economy and well-being by restoring the local ecosystem health on which their livelihood depends on.
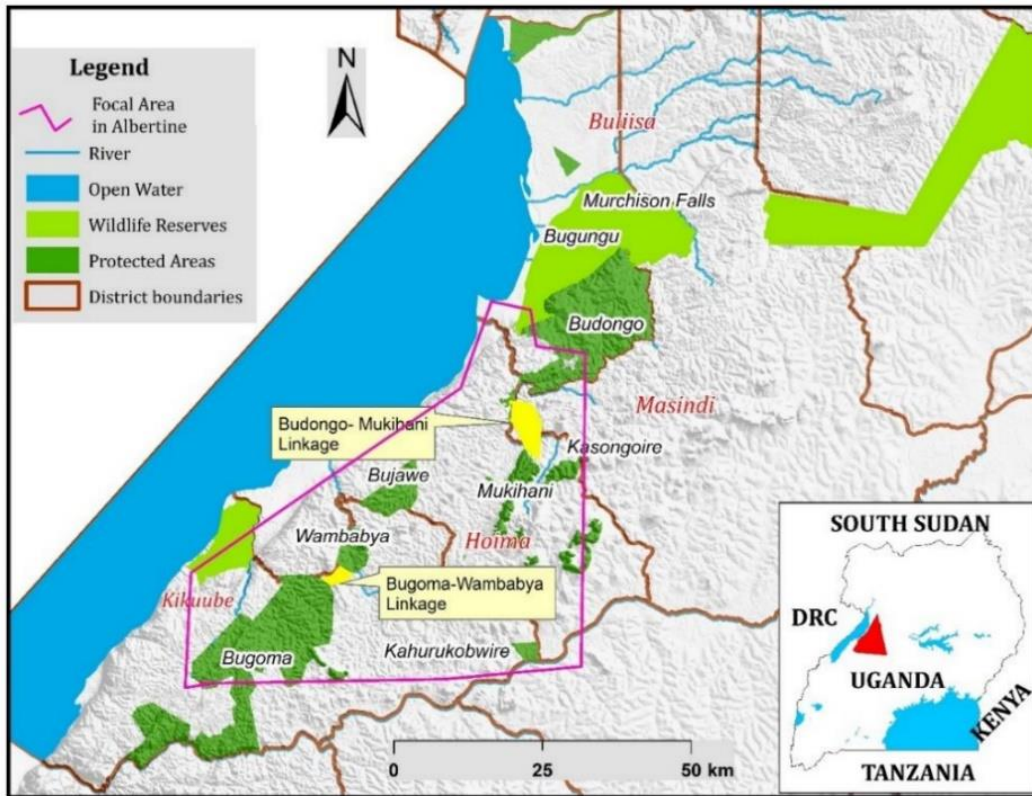
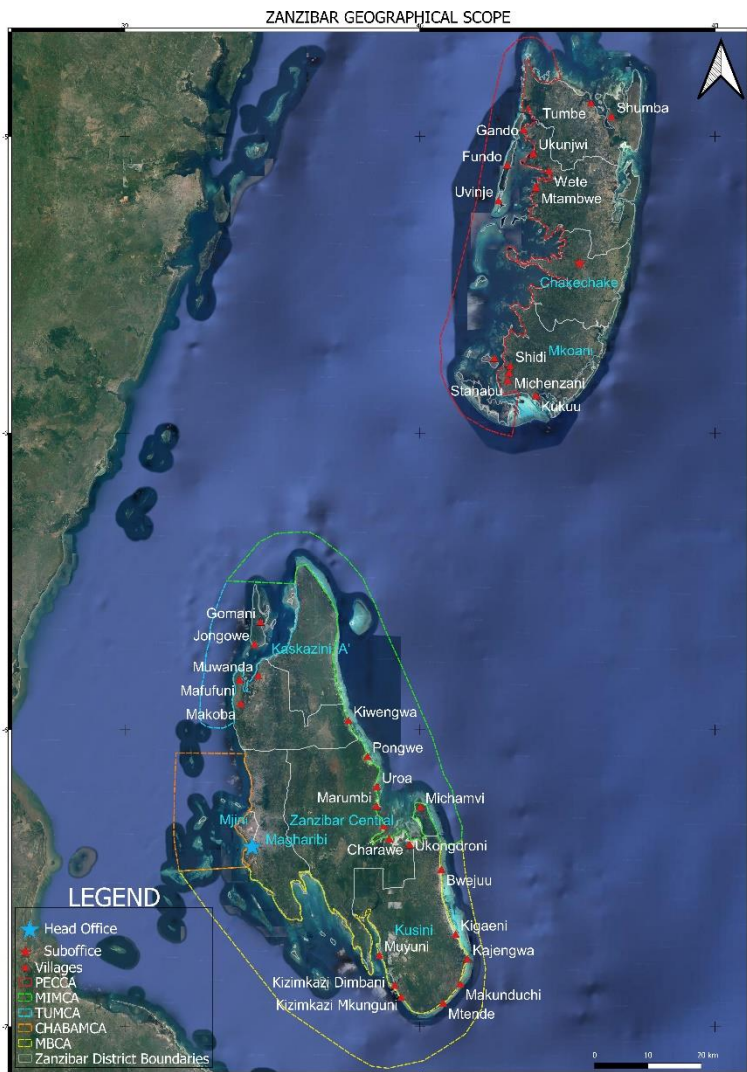*Image 1: Norther Albertine Rift area in Uganda (Map credit: FFI)*



*Image 2: Pemba Channel Conservation area in Zanzibar, Tanzania. (Map credit: MCCN)*

## 2.    Project stakeholders/ partners

There are three partners at the project level – FFI, MCCN and Greenfi. FFI is the lead implementer in Uganda and MCCN leads implementation in Tanzania (Zanzibar). Delivery of Output 3 (digital tool development) is being led by Greenfi. Terms of partnership of MCCN and Greenfi with the lead partner FFI are executed under sub-grant agreements (**appendix 1 & 2**). FFI is coordinating with partners, maintaining oversight of expenditure and progress and in ensuring appropriate technical expertise is applied. Collaboration across partners and geographical areas are advanced through project inception meeting with all partners, monthly and quarterly meetings with partner representatives to review progress, shared learnings for adaptive management, coordinated in-country visits and clear project monitoring plans including mid-term and final review. Further, project partnerships are substantially strengthened by local CBNRM institutions (Kidoma and Kesenene Private Forest Owners Associations (PFOAs) in Uganda and Fundo and Tumbatu Shehia Fisheries Committees (SFC) in Tanzania) and ICF groups (10 VSLAs in Uganda and 10 Mfuko wa Kutunza Bahari (Mkuba) in Tanzania), members of which are also the beneficiaries of this project.

These partnerships have evolved over the years with support from different projects. FFI and MCCN have been working together since 2015 to build the capacities of fishing communities in PECCA to improve biodiversity conservation and local wellbeing. MCCN has established strong relationships with these coastal communities and set up 27 Mkuba groups in collaboration with Greenfi and FFI or other supporting NGOs since 2018. Mkuba groups operate the loan funds which is granted as seed money by MCCN their conservation activities will be guided by SFCs according to their management plan.

Likewise, PFOAs in Uganda have emerged and proven to be viable community-based organisations in environmental stewardship. VSLAs are nested within the PFOAs, operating as its enterprise arm providing incentive for community members to engage in conservation. FFI has been working with these PFOAs since 2014 by providing technical support and grants to improve community-led forest and chimpanzee conservation.

Thus, the partnerships have established based on needs on the ground to strengthen the grassroots level conservation action in both the target countries. Project design, development, implementation, decision making, monitoring and evaluation are done in a participatory and consultative way between all the partners.

During this reporting period, these relationships have been further strengthened, benefiting the outcome of the project. However, at the time of reporting, partnership between FFI and Greenfi is expected to be terminated in the first quarter of year-2 of the project with partial implementation of Outcome 3 related activities (please see section 11). Additionally, clarity is needed on the most appropriate legal structure for PFOA loan operations, which will require consultations with local stakeholders and experts. This consultation is planned in year-2 of the project.

Other local stakeholders such as Government actors - Department of Fisheries; Department of Marine Conservation, under Ministry of Blue Economy and Fisheries in Zanzibar, Uganda Wildlife Authority, National Forestry Authority in Uganda and private sector actors including financial intermediaries (local banks {Stanbic Incubator}),) have been contributing to this project by following the development of community led conservation activities.

## 3.    Project progress

## 3.1    Progress in carrying out project Activities

### *Output 1:*

### *Activity 1.1: Ongoing*

Nine separate focus group discussions (FGDs) were conducted with women, men and the management committee members to assess current governance mechanisms using Site-level Assessment for Governance and Equity (SAGE) methodology.

Uganda: 133 participants (78M:55F) from PFOAs and VSLAs attended FGDs. Questionnaires are enclosed in **appendix 3** and a preliminary assessment report in **appendix 4.** Detailed data analysis will be done in year-2.

Tanzania: 75 participants (45M:30F) from Mkuba and SFC attended the FGDs in Tumbatu and Fundo. Members agree that they are routinely involved in influencing decisions of Mkuba operations, however, engagement of women in high level decision making is limited. Questionnaire discussed and assessment report are in **appendix 5.**

### *Activity 1.2: Ongoing*

Uganda: Improvement in record keeping system, transparency, accountability, imbalance in benefit sharing between women and men and unwillingness of women to take-up senior roles were identified as gaps in governance. More details are reported in **appendix 4**.

Tanzania: It was found that performance of duties by group leaders, environment officer, treasurer's responsibility, compliance to lending criteria and tools for patrol activities needed improvement. Gaps recognised are reported in **appendix 5**.

### *Activity 1.3: Ongoing*

Uganda: Activity postponed to year-2.

Tanzania: Governance gaps identified in Mkuba were presented by MCCN to community members in Fundo and their suggestions to address the gaps were gathered. 29 members (11M:18F) from four groups in Fundo and five groups in Tumbatu discussed each of the identified gaps in a plenary discussion with 25 members each. Meeting minutes of Fundo are enclosed in **appendix 6**.

### *Activity 1.4: Ongoing*

Uganda: Regular support to activities and interactions were carried on by FFI with community groups. Based on the governance assessments, monitoring the committee operations of PFOAs and VSLAs will be carried out on year—2 of the project.

Tanzania: MCCN supported and monitored the activities of Fundo and Tumbatu SFCs which have 25 members (16M:9F). The SFC committees regularly met on monthly basis and sometime on ad-hoc basis depending on need. They conducted monthly patrols, mangrove planting twice per month and beach clean-up once every three months throughout the reporting period. Meeting minutes of Fundo and Tumbatu SFCs are enclosed in **appendix 7**.

### *Activity 1.5: Ongoing*

Uganda: Monthly monitoring of VSLAs is being carried out by spot-checking attendance registers, loan sanctions, and repayment of loans. Loan records of the VSLAs are enclosed in **appendix 8**.

Tanzania: MCCN visited Mkuba groups supported in Fundo and Tumbatu and discussed their regular functions. Their loan transactions and development of eco-compliance plans with SFCs to implement eco-actions such as patrol, beach clean-up, mangroves planting, gear check-up and stopping illegal fishing were supported. Loan records of Mkuba are enclosed in **appendix 9**.


### *Output 2:*

### *Activity 2.1: Completed*

Uganda: Monitoring and audit mechanisms such as photo evidence of loan activities using mobile based tool developed by this project, VSLA leaders conducting regular spot checks were identified by the members. Meeting minutes enclosed in **appendix 10.**

Tanzania: Setting up a special committee to examine the borrower's businesses and evidencing activities by taking photographs were identified as suitable mechanism by the 77 community members (32M:45F). Meeting minutes enclosed in **appendix 11**.

### *Activity 2.2: Ongoing*

A methodology to understand key drivers of unsustainable resource use and motivations to switch from unsustainable to sustainable resource use was developed under the project.

Uganda: Activity was postponed to first quarter of year-2 to be able to adopt learnings from the experience of testing the methodology in Tanzania.

Tanzania: 85 Mkuba and SFC members (34M: 51F) participated in FGDs. Drivers identified to switch from unsustainable practices to sustainable resource use include awareness creation about biodiversity, enforcement of regulations, alternate livelihoods, community involvement and provision for patrol tools to SFC such as boats, torches, and rain jackets. A detailed report is enclosed in **appendix 12** and participants list in **12a.**

*Activity 2.3: Ongoing*

Uganda: 101 participants (57M:44F) from all the PFOAs (Kasenene, Bulyano and Kidoma) involving members and leaders participated in the meetings (**appendix 13**). Terms of partnership between the groups were discussed and agreements between PFOAs and VSLAs (**appendix 14**) were executed.

Tanzania: Similar partnership terms between SFCs and Mkuba were discussed (**appendix 15**) in meetings involving 77 participants (31M:46F) and agreements were drafted (**appendix 16**) which are expected to be signed in the year-2 of the project.

*Activity 2.4: Postponed to year-2 of the project in both Uganda and Tanzania.*


**Output 3:**

*Activity 3.1: Completed*

Uganda: Community consultation was carried out with members of PFOAs and VSLAs in involving 30 participants (19M: 11F) (**appendix 17)** by Greenfi and FFI.

Tanzania: 68 SFCs and Mkuba members (30M: 38F) **(appendix 17a)** participated in consultation by Greenfi, supported by FFI and MCCN to receive feedback from the communities on the fin-tech tool.

Field visit documentation by Greenfi is enclosed in **appendix 18.**

*Activity 3.2: Ongoing.*

Uganda: A design thinking workshop was conducted by Greenfi with FFI staff and technical specialists, and data flow methods were finalized.

Tanzania: Digitization process was more advanced in Tanzania compared to Uganda at the beginning of this project as MCCN and Greenfi had initiated the work with other donor projects.

Dashboard and data reporting app or 'Darwin app' development for both Tanzania and Uganda are currently on hold owing to termination of contract between FFI and Greenfi (refer section 11). A detailed report by Greenfi on technical specification is enclosed in **appendix 19.**

*Activity 3.3: Scheduled to year-2 of the project in both Uganda and Tanzania.*

*Activity 3.4: Ongoing*

First version of the proposed 'Darwin app' that provides financial transaction and eco-compliance information recorded by the ICF leaders, to all the ICF members was tested with the community members using a dummy app (minimum viable product) developed by Greenfi. 68 SFCs and Mkuba members (30M: 38F) **(appendix 17a)** in Tanzania and 30 members (19M: 11F) (refer to activity 3.1) from PFOA participated in the activity (**appendix 17**). Field visit documentation by Greenfi (**appendix 18**).

*Activity 3.5: Completed*

Two separate workshops for Uganda context involving FFI and Greenfi and Tanzania context involving FFI, MCCN and Greenfi project staff were conducted separately to identify risks involved in introducing mobile technology and mitigation strategies towards them. Detailed reports from Uganda and Tanzania are enclosed in **appendix 20 and 21** respectively.

*Activity 3.6: Postponed to year-2 of the project in both Uganda and Tanzania.*


**Output 4:** *Scheduled for the year-2 of the project.*

***Output 5:*** *Scheduled for the year-2 of the project.*

## 3.2 Progress towards project Outputs

***Output 1:*** *Governance and equity of at least 20 ICF groups and at least 4 CBNRM institutions in Zanzibar (Tanzania) and Uganda is improved before scale-up.*

This reporting period focussed on assessing the governance mechanism, identifying gaps and setting baselines along with regular monitoring and technical support to the community institutions.

Uganda: With completion of first governance assessment, baseline has been set on the perception of women and men members. Findings will be compared with the next assessment in year-2 to understand governance improvement (indicator 1.3). Membership of women in VSLA and PFOA, Uganda has increased from 30% in 2021 to 50.6% as observed in membership records (**appendix 22**). Youth (18-30 years) were found to be 29.6% (**appendix 23**) (indicator 1.1)

Tanzania: Governance assessment results have set baseline that will be compared with results in year-2 to understand improvement in governance practices of Mkuba (indicator 1.3). 85% Mkuba members are currently attending SFC meetings in Tanzania and 51% of them believe they can influence decision making (indicator 1.2). Training the community members to address the identified gaps has progressed with community's suggestions being gathered on addressing the gaps (**appendix 6**).

Progress of the output will be assessed at the end of the project against these findings. Further trainings, technical support and monitoring is planned to be provided to these groups by the project partners in year-2 will ensure to attain the output before the end of the project.

***Output 2:*** *ICF group members' conservation commitments to deliver biodiversity impact and linkages with local CBNRM institutions are formally agreed through a participatory process.*
Uganda: Community consultations to identify biodiversity friendly activities eligible for loans, its monitoring and audit mechanism have led to identifying do's and don'ts with respect to loan utilisation (**appendix 13**) (indicator 2.1). These conservation commitments have been incorporated into partnership agreement between VSLA and PFOAs in Uganda and executed (**appendix 14 )** (indicator 2.3). 100% of VSLA members are engaged in conservation actions such as patrol, tree planting, agroforestry and conservation agriculture etc (indicator 2.2). Drivers of unsustainable resource use will be assessed in year-2.

Tanzania: Do's and don't's of loan utilisation to practice biodiversity friendly activities were identified (**appendix 15**) (indicator 2.1) and partnership agreements have been drafted between Mkuba groups and SFCs which are expected to be signed in year-2 of the project (**appendix 16**) (indicator 2.3). It is observed from conservation activity records that 55% of Mkuba members are engaged in patrol, beach clean-up, mangrove planting, gear check-up and stopping illegal fishing etc (**appendix 24**) (indicator 2.2). Key drivers of unsustainable resource use in Tanzania have been assessed.

Awareness activities in both the countries will be undertaken during the rest of the project period based on a combination of findings from outcome 1 and 2 to ensure that conservation commitments are enforced by the community members.

***Output 3:*** *Innovative digital record keeping tools adopted by at least 20 ICF groups and at least 4 CBNRM institutions in Uganda and Zanzibar (Tanzania) to accurately and transparently manage eco-credit processes and monitor/report on participation in conservation action.*

During consultations, communities reported consistent issues related to accurate record keeping and transparency which are key components for successful functioning of ICF models. They have shown keen interest in adopting digital tool for record keeping and information accessing purposes. Data reporting app or 'Darwin app' developed by Greenfi underwent first round of testing to improve usability for the community members and implementation protocol for equitable access to technology by the community has been finalized. However, due to termination of contract between FFI and Greenfi, the delivery of this output was affected. To mitigate its impact

on the project deliverables, adaptive management plan will be developed in consultation with project partners. Additionally, the source codes developed by Greenfi for the 'Darwin app' and saved in public repository (**appendix 19)**. FFI and MCCN will explore options to make the intended applications available to the community members as per log frame by identifying an alternate tech-solution partner. Progress of this output will be monitored in year-2 of the project without any changes in the indicators and means of verification identified. Updates will be shared in the next half-yearly report. Country level progress in year-1 is as below.

Uganda: Data collection app using Kobo toolbox has been developed (indicator 3.1).

Tanzania: Data collection app using Kobo toolbox is undergoing testing, roll out of which is expected in year-2 (indicator 3.1). MCCN has been exploring the use of Chomoka app, a fin-tech solution developed by CARE International. This app is similar to the one intended to be developed by Greenfi, but without the biodiversity monitoring component.

## 3.3 Progress towards the project Outcome

The expected outcome of the project is 'scalable, evidence based ICF) models reduce poverty and generate direct economic incentives for >500 community members to engage in conservation actions in 2,000 hectares of forest/coastal areas.' At the end of this reporting period, the project has been implemented for nine months. During this time, the project has gained momentum and progressed as per the pre-determined timelines. Outputs and indicators have not changed since the beginning and the project progress has been assessed against them as they continue to be adequate measures. Country specific progress is as below.

Uganda: Loan records of ICF groups show that a total of 261 members of VSLAs in Uganda (120M(45.97%) and 141F(54.02%)) (**appendix 8**) are pursuing biodiversity friendly activities using loans. This is a 24.02% progress compared to 2021 gender baseline wherein 30% women in Uganda accessed loans (indicator 0.2).

Tanzania:  All of 267 members of Mkuba of Fundo an Tumbatu are using loans to pursue sustainable activities (indicator 0.2).

Data on total area where community led conservation activities are ongoing is being collected (indicator 0.4). Progress towards lifting barriers for the community members to access loans (indicator 0.3) is expected in year-2 of the project as outputs 1 and 3 progress.

We are reasonably confident that if assumptions hold true, the project will achieve the desired outcome.

## 3.4 Monitoring of assumptions

**Assumptions related to outcome:**

***Assumption 1:*** *CBNRM leadership and ICF group leaders continue to remain interested in ICF models and scale up.*

Comments: Assumption holds true. Members and leaders of PFOAs and VSLAs in Uganda and SFCs and Mkuba groups in Tanzania have been fully engaged. Their interests are evidenced by their participation in activities related to three outputs detailed in previous sections.

***Assumption 2:*** *Wider socio-political and national policies remain supportive for the model to scale up.*

Comments: Assumption holds true. Socio-political and national policies have supported community activities and inclusive finance operations in both the countries. Clarifications on legal registrations of PFOAs under Ugandan law to operate loan funds is expected to garner support from the government. More details are provided in section 11 of this report.

***Assumption 3:*** *Members of ICF group continue to repay loan and groups function transparently and equitably*

Comments: Assumption holds true. In Uganda, Both Kasenene and Kidoma VSLAs repayment rate is still at 100% **(appendix 8)**. Loan repayment in Mkuba groups is over 98% **(appendix 9).**

*Assumption 4: Economic incentive generated by ICF model continue to remain as a motivation for community to engage in conservation.*

Comments: Assumption holds true, however, this will be determined in the final YR of the project

*Assumption 5: Members of ICF groups abide by conservation commitments.*

Comments: Assumption holds true. During FGDs, community groups have defined what activities are biodiversity friendly and what are not to be eligible for loans. Further, they have identified methods to monitor loan utilisation to ensure that they are biodiversity friendly in practice. They have been recorded in the meeting minutes (**appendix 13** and **15**). Conservation commitments are also recorded in the partnership and conservation activity records (**appendix 14, 16** and **24**). Effectiveness of these monitoring methods will be recorded in year-2 of the project.

*Assumption 6: Socio-political environment permits holding community meetings; and the Covid-19 pandemic does not restrict faceto-face meetings.*

Comments: Assumption related to Covid-19 not relevant anymore as pandemic situation have improved in both Tanzania and Uganda. As observed in two PFOAs have conducted all their monthly meetings physically and VSLAs in Uganda have conducted all weekly meetings and Mkuba groups and SFCs have been meetings regularly as observed in monitoring reports. (Refer activity 1.4 and 1.5)

**Assumptions related to outputs 1, 2 and 3:**

*Assumption 7: Governing bodies and members of the CBNRM institutions remain receptive to required organisational reforms to enhance equity and good governance*

Comments: Assumption holds true. Members and governing body leaders of community institutions have been receptive to improve governance mechanisms as it was proposed to be implemented by gathering their own perceptions. Please refer **appendix 4 and 6.**

*Assumption 8: Community continues to remain interested in conservation and sustainable use of natural resources*

Comments: Assumption holds true. 528 members in total (267 from Tanzania and 261 from Uganda) have actively participated in conservation activities such as patrol, tree planting, beach cleaning etc in both Tanzania and Uganda. Please refer activity reports **appendix 8** and **9**.

*Assumption 9: There is interest in both the CBNRM institution and ICF in strengthening the partnership.*

Comments: Assumption holds true. PFOAs and VSLAs in Uganda have already signed the partnership agreements. SFCs and Mkuba groups in Tanzania have discussed the terms of partnership and agreement has been drafted. It is expected to be signed in year-2 of the project. Please refer **appendix 14 and 16.**

*Assumption 10: CBNRM and ICF leaderships remain open to change and are interested in adopting digital record keeping tools.*

Comments: Assumption holds true. During community consultations, community members expressed their challenges with paper-based record keeping. Additionally, while testing the reporting app, they provided feedback on what kind of data to be digitised so that it is helpful to them. Please refer activities 3.1 and 3.4.

### 3.5   Impact: achievement of positive impact on biodiversity and poverty reduction

Expected impact of the project is 'Innovative economic instruments for biodiversity conservation are strengthening community-based natural resource governance, enhancing ecosystem productivity and services, and boosting household economy and well-being, reducing poverty at the grassroots.'

Higher level impact on biodiversity conservation: Forests in the linkage area in Albertine rift in Uganda (*Image 1*) is key for biodiversity, particularly for wild chimpanzee population. Several challenges including habitat degradation, forest fragmentation, human-wildlife conflict have been documented in this area. FFI has been working in this landscape since 2014 to improve forest connectivity, habitat restoration, preserving local biodiversity, including the genetic diversity of

chimpanzees and other species. Similarly, in Tanzania the Pemba Channel *(Image 2)* hosts some of the richest marine biodiversity such as turtles, dolphins, dugongs, whales etc., with extensive reefs and mangroves ecosystem. The area has witnessed reduced fish catches due to overexploitation and damaging fishing practices. MCCN has been working in the region since 2010 mitigate these negative impacts. These biodiversity conservation challenges are addressed by supporting community initiatives and strengthening their organisations for natural resource management, restore ecological balance and conserve biodiversity. Towards these long-term goals in the short term, this project is ensuring conservation commitment of the community, developing measures to ensure these commitments are met and developing an evidence base for conservation actions.

Higher level impact on human development and wellbeing: Biodiversity conservation objectives of the project are met through social and economic impact. Social and economic wellbeing of community members are supported through eco-loans that are equitably accessible to all the members of the community groups to pursue biodiversity friendly livelihood activities. Community members access loans for agro-forestry, cultivation of organic crops, enterprises that sell organic agricultural inputs, nurseries, livestock rearing, sustainable harvest of octopus, seaweed farming, beekeeping, selling local bread, making ovens etc. Specific impact of this project relates to strengthening loan management, ensuring transparency and equitable access of fund to improve local economy. Further, this project is reducing high dependency of the community organisations by linking them with private banks using market system approach.

## 4. Project support to the Conventions, Treaties or Agreements

Strengthening the governance of ICF and CBNRM Institutions (Output 1) and finalising conservation agreements and appropriate linkages with local CBNRM institutions (Output 2), the project has contributed towards reducing and managing negative impacts while enhancing positive impacts on biodiversity (NBSAP II Objective 3) and promoting the sustainable use and equitable sharing of costs and benefits of biodiversity (NBSAP II Objective 4). Development of innovative Fin-tech digital application for conservation (Output 3), mapping actors in the private sector and financial service ecosystem and exploring appropriate partnerships for scale up (Output 4), this project will be helping to promote innovative and sustainable funding mechanisms to support NBSAP implementation (NBSAP II Objective 7).

Outputs 1 and 2 in Tanzania have specifically contributed to CBD articles 8 (integrating conservation and sustainable use of marine resources to minimise adverse impacts on biodiversity) and 11 (supporting formation of transparent governance structures and empower communities to understand their rights and responsibilities), and Aichi Biodiversity Targets 6 (implementing management measures for sustainable management of important fisheries, vulnerable species, and aquatic plants, enhancing ecological connectivity), 10 (reducing the impacts of destructive practices on coral reefs, seagrass beds and mangrove) and 11 (improving Zanzibar's Marine Conservation Areas'[1] management through work with communities, authorities, and ensuring integrated management between socially and ecologically connected areas).

In both Uganda and Tanzania, project outputs are contributing towards SDGs 1 (ending poverty), 5 (achieve gender equality), 8 (decent work and economic growth), 12 (responsible consumption and production) and 15 (restore and promote sustainable use of terrestrial ecosystems), and in Tanzania SDG 14 too (conserve and sustainably use marine resources for sustainable development).

No interactions have happened with host country convention focal points in the reporting period.

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[1] Both PECCA (within which Fundo community is located) and Tumbatu Island Conservation Area (TUMCA – within which Tumbatu community is), a Marine Conservation Area gazetted by the Govt of Zanzibar in 2015.

## 5.  Project support to poverty reduction

The project is directly linked to poverty reduction in ecologically high value landscape and seascape. Both the Ugandan and Tanzanian ICF models are built on the 25-year-old VSLA (savings groups) model, which now has more than 20 million members worldwide in over 73 countries. The models are also built on extensive community-level expertise present in most communities in the region of the pilot model.

The beneficiaries are the members of farming and coastal communities in the countries with high rates of poverty (91.4% population in Tanzania and 86.48% in Uganda earn less than $5.5 per day[2]). The project is working towards directly ensuring more than 200 of these community members (at least 45% women) can access loans to pursue biodiversity-friendly livelihood and lifting barriers to access affordable credits for more than 500 community members (at least 45% women). During the current year 125 members in Uganda and 267 members in Tanzania accessed loans worth £72,000 and pursued various biodiversity friendly livelihood activities. Availability of capital through ICF models is expected to increase the household income of the community members. Further, it supports ecosystem restoration, improved community governance of natural resources, regulating unsustainable resource use etc., that contributes to long-term ecological security on which their livelihoods are dependent.


## 6.        Gender equality and social inclusion

All the project activities are implemented with gender sensitivity to promote equal participation of women and men, under the guidance of FFI's gender specialist. FGD's, meetings and consultations with community have been conducted separately for women and men to ensure their perceptions are being considered. Separate consultations with women and men have ensured safe environment for women particularly to express their opinion without the influence of gender norms (e.g. women being unable or unwilling to speak openly in front of men). In fact, improving governance mechanisms of the community groups have specifically focussed on gender and age dimensions in the assessment (**appendix 4 and 6**). Further, equitable technology protocol has been developed to ensure that technology access is equally available to women and men. Recognising the marginalisation of groups such as women and older people with respect to digital literacy, additional trainings have been planned (**appendix 20 and 21**). A gender analysis has been done by Greenfi in use of fin-tech tool based on the field testing and relevant actions are identified (**appendix 25**).

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|---|---|
| Please quantify the proportion of women on the Project Board[3]. | 50% |
| Please quantify the proportion of project partners that are led by women, or which have a senior leadership team consisting of at least 50% women[4]. | 50% |


## 7.        Monitoring and evaluation

The project team has been holding separate monthly meetings for Uganda and Tanzania to review progress of activities. In these meetings, specific activities to be initiated, expectations of those activities, their relevance to output in landscape/seascape contexts and follow up on pending activities are discussed with the implementation teams. Based on those discussions, monthly work plans are developed, reviewed and monitored between the FFI Project lead,

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[2] https://worldpopulationreview.com/country-rankings/poverty-rate-by-country

[3] A Project Board has overall authority for the project, is accountable for its success or failure, and supports the senior project manager to successfully deliver the project.

[4] Partners that have formal governance role in the project, and a formal relationship with the project that may involve staff costs and/or budget management responsibilities.

partners (Greenfi and MCCN) and FFI technical lead in Uganda. Updates of activities, learnings, findings and challenges are provided by the implementation teams. This regular analysis and dissemination of M&E information has been informing adaptive management of the project to address issues early on and enable the project team to ensure the project achieves intended outcomes. Further, quarterly all partner meetings are also conducted for cross learning, sharing progress and challenges from both the countries. FFI gender and governance specialists were involved in meetings throughout the project to ensure gender and equity considerations are incorporated in M&E.

No substantial changes have been made to the M&E plan. The project start date was changed from 1st April, 2022 to 1st July 2022 with a change request. Therefore, initiation of activities was delayed owning to finalization of contract with Darwin and subgrant agreements between the partners. Consequently, some of the activities have been postponed to year-2 of the project. Progress of activities is assessed against the already set indicators in the log-frame with respect to number of people participated and benefitted and gender equality in engagement. Indicators of achievement at outcome level are (0.1) scalability index score of "moderate" or higher on the VUNA Scalability Assessment Frameworks, indicating enhanced potential for scalability with minimum investment (0.2) ≥200 community members (at least 45% women) use loans to pursue biodiversity-friendly enterprises (0.3) ≥500 community members (at least 45% women) enabling sustainable livelihood opportunities and (0.4) community-led conservation activities, incentivised by eco-credit loans, are occurring in ≥2,000 hectares of forest/coastal habitat.

M&E plan involved an external project evaluation by academic researcher at the end of year-2. However, we are bringing in an MPhil student from University of Cambridge for independent evaluation of the project in May 2023. While the student will be developing a methodology for overall assessment of the ICF model at the end of the project period, it will also act as a mid-year assessment. Findings from this study will feed into year-end evaluation as well as the peer reviewed publication (output 5) expected under this grant.

PIA scheduled for end of the project will assess the achievements of the project using qualitative and quantitative data.

Method for assessment of Inclusive Conservation Finance impact on biodiversity outcomes: In Uganda, microloans are only provided to community members engaged in PFOA conservation actions. For example, reforestation and chimpanzee monitoring. Thus, ICF model incentivise community-led conservation activities (Indicator: 0.4). In Zanzibar, Mkuba groups carry out conservation activities such as mangrove planting, patrolling, to be able to access credits. Thus, in this project site, microloans incentives conservation action. Community patrol records and spatial data on reforestation activities will be used to verify these conservation efforts.


## 8.    Lessons learnt

What worked well:

- Regular meetings to discuss the project team's understanding of the deliverables, monthly planning and evaluation of progress worked well in timely implementation.

- The development of a protocol to introduce new digital technology into local communities, while avoiding the marginalization of women or age groups less familiar with mobile apps, is a good example of co-designing methodology involving all project partners and local communities. This process ensured that concerns raised during the consultation were collectively addressed, and an agreed way forward was incorporated into the protocol.

- This project tested the assumption that economic needs are the primary drivers of unsustainable resource use in the community. A methodology was developed by FFI and MCCN and focus group discussions were conducted to understand the key drivers of unsustainable resource use and identify motivations for switching to sustainable

resource use. The results were interesting, as the community identified a lack of knowledge on the benefits of sustainable resource use and the free rider problem as major reasons for unsustainable use. The community also provided valuable insights and suggestions to develop strategies to address these issues, helping inform future project design.

- It is inspiring to see empowered grassroot leadership driving ICF models. They appreciate the project support and outputs being developed, especially digital tool as they are facing challenges in maintaining current paper-based records. Adaptive plan will be developed to address current challenges mentioned under output 3.

- Project partners appreciate the strategic thinking space the project has created. They had been developing the model for the last five years without having the time to pause and reflect about the big picture and future scale-up plans.

What did not work well:

- Innovation is exciting but equally challenging process requiring a lot of adaptive management. This resulted in significant draw on staff time, which particularly was a challenge for all the partners especially Greenfi considering the early stage of partner financial structuring and evolving partner needs.

- There is scope to share more learning and experiences between Uganda and Zanzibar project sites. Already planned quarterly meetings will enable this sharing of knowledge going forward.

What we would do differently:

- From discussions with Greenfi, we gather app development component of innovation requires more flexible financing options to easily allow adaptive management. In future, we would explore such flexible finance options for app development.

- For innovation projects, especially that involves finance instrument, holding a budget line for legal consultancy will be useful to answer legal queries quickly if they come up during the project.

- Due diligence of partners on sustainability of the organisations and stage of development of financing structures.

- Consultations on legality of CBO registrations and their operations related to loan management as per the national laws before project initiation.

Recommendations to others doing similar project:

- The Protocol developed to ensure equity consideration before introducing new digital technology will be useful reference for other projects planning similar innovation.

- Methodology developed for understanding the key drivers of unsustainable resource use and identify motivations for switching to sustainable resource use is another useful output from this project which other projects can use to identify intrinsic and extrinsic motivations driving resource use.

- From project management perspective, anticipate and budget more staff time for truly innovative projects to allow adaptive management

## 9.    Actions taken in response to previous reviews (if applicable)

Not applicable as this is the first annual report of the project.

## 10.    Risk Management

Updated risk register is enclosed in **appendix 26**.

## 11. Other comments on progress not covered elsewhere

During the course of the project, question on legal structure of PFOA came up. FFI consulted a lawyer in Uganda, who confirmed verbally that a separate legal status was not needed for PFOA's loan operations. However, Greenfi's legal advisor advised verbally that the structure was likely not compliant with Ugandan regulatory requirements exposing Greenfi to risk and that Greenfi should withdraw from the Ugandan-component of the project. For clarity, FFI consulted the legal advisor again and experts in inclusive finance space in East Africa. They suggested Savings and Credit Cooperative Society (SACCO) or Financial Services Association (FSA) as appropriate options, but a further clarity is needed. Experts have also advised to evaluate the pros and cons of the suggested options and to conduct consultation with local stakeholders before deciding on PFOA loan legal structure. However, Greenfi flagged that their current system is designed for simple eco-credit model, and other existing software in the well-developed market may be suitable to meet the evolving legal structures. They also flagged that Tanzania Mkuba model was growing beyond a simple eco-credit model and needed an MIS system, different from Greenfi' existing system. Further, they are facing start-up related challenges such as financial barriers related to difficulties of partnerships being dependent on grant funding due to which Greenfi is expected to wind up its operations, leading to app sustainability concerns. Therefore, the partnership between FFI and Greenfi is expected to be terminated in year-2. However, output produced so far for this project will be made available under an open-source licence and Greenfi is developing a plan to ensure the codebase is maintained. An after-action learning process was completed between FFI and Greenfi and some of the shared learnings are highlighted in section 8 of this report. An adaptive plan for output 3 activities will be developed in consultation with partners and submitted by FFI to Darwin for change request.

## 12. Sustainability and legacy

The aim of this project is to prepare ICF groups for scale-up across the landscape by enhancing its sustainability and scalability. FFI is committed to building local capacities and strengthen grassroots conservation efforts in Uganda. Support to PFOA through FFI is also funded by USFWS until 2025 in mitigation of human-chimpanzee conflict through ICF model. This grant compliments the activities implemented under this project. Further, work in Uganda has evolved substantially in the last 4-5 years. PFOAs have developed into full-fledged community Institutions, supporting over 1021(525M, 496F) members across all three PFOAs and operating green-funds worth £40,000 annually. Young members of the PFOA leadership team are taking responsibility of the operations with older members passing the baton. Change of legal registration of PFOAs from CBO to SACCO or FSA as advised by legal experts will enable government monitoring of loan operations through financial audits, ensuring oversight. Additionally, with such registrations. PFOAs will be eligible for benefits from the government under different schemes to continue their operations. Similarly, MCCN, being a Zanzibar based organisation, has long-term commitment to conserving biodiversity in the archipelago (including in PECCA and TUMCA) by empowering fishing communities. Currently pilot Mkuba groups in Fundo and Tumbatu are operating loans approximately worth £32,000. FFI has secured a grant from Blue Action Fund to continue work with MCCN for 4.5 years (March 2023-August 2027). The project will set up new Mkuba groups and scale up ICF models in PECCA and Tanga region (in Tanzania mainland) to reach 1500 women and men (currently already supporting 750 members).

Digitisation of loan and eco-compliance records of the communities is expected to streamline data management with respect to financial transactions and tracking biodiversity impact of loan linked activities. Availability of evidence for biodiversity impact linked to loan is expected to encourage private sector partnerships and investments (output 4), reducing dependency of ICF groups on grant funding in the long term. Capacity at the community level is enhanced with at least three community members per target village trained in setting up new ICF group using a community-based training of trainer approach. Thus, the project is designed to build sustainability of its interventions by building local capacities and adopting market-based mechanism. While FFI

and MCCN will continue to extend technical support to strengthen the operations, the community groups are expected to function independently with enhanced capacity in the coming years.

With respect to open access plan, source code developed for fin-tech app has been placed on a public repository (**appendix 19**). It is available openly for further improvement and adaptation by others for similar projects.

## 13. Darwin Initiative identity

The Darwin Initiative funded work is recognised as a distinct project by all project partners. The Darwin Initiative and UK government's contribution has been acknowledged as a donor of this project, and its logo has been included in all community meetings/workshops and related reports. During the project visit by UK-based staff in January 2023, a variety of strong images were collected. It is anticipated that these can be used for engaging social media content, in which the Darwin Initiative will be acknowledged.

## 14. Safeguarding

| | |
|---|---|
| Has your Safeguarding Policy been updated in the past 12 months? | Yes |
| Have any concerns been investigated in the past 12 months | No |
| Does your project have a Safeguarding focal point? | Yes, |
| Has the focal point attended any formal training in the last 12 months? | Yes - |
| What proportion (and number) of project staff have received formal training on Safeguarding? | Past: 100% of FFI [all 8-project staff] FFI has an internal Learning Management System, which enables online training in policies and procedures and all FFI staff are required to attend compulsory safeguarding training, including Safeguarding essentials; FFI's Safeguarding Children and Vulnerable Adults Policy. Same has been shared with partners through sub-grant agreements. |
| Has there been any lessons learnt or challenges on Safeguarding in the past 12 months? Please ensure no sensitive data is included within responses. Nothing to report. | |
| Does the project have any developments or activities planned around Safeguarding in the coming 12 months? If so please specify. None planned at this time as well feel all FFI project staff are sufficiently trained and comfortable with safeguarding procedures. We will discuss the training needs with project partners and initiate if they have not received them. | |

## 15.    Project expenditure

**Table 1: Project expenditure <u>during the reporting period</u> (1 April 2022 – 31 March 2023)**

| Project spend (indicative since last Annual Report | 2022/23 Grant (£) | 2022/23 Total Darwin Initiative Costs (£) | Variance % | Comments (please explain significant variances) |
|---|---|---|---|---|
| Staff costs (see below) | | | | |
| Consultancy costs | | | | |
| Overhead Costs | | | | |
| Travel and subsistence | | | | |
| Operating Costs | | | | |
| Capital items (see below) | | | | |
| Monitoring & Evaluation (M&E) | | | | |
| Others (see below) | | | | |
| **TOTAL** | 100,647 | 96,875 | **4%** | |
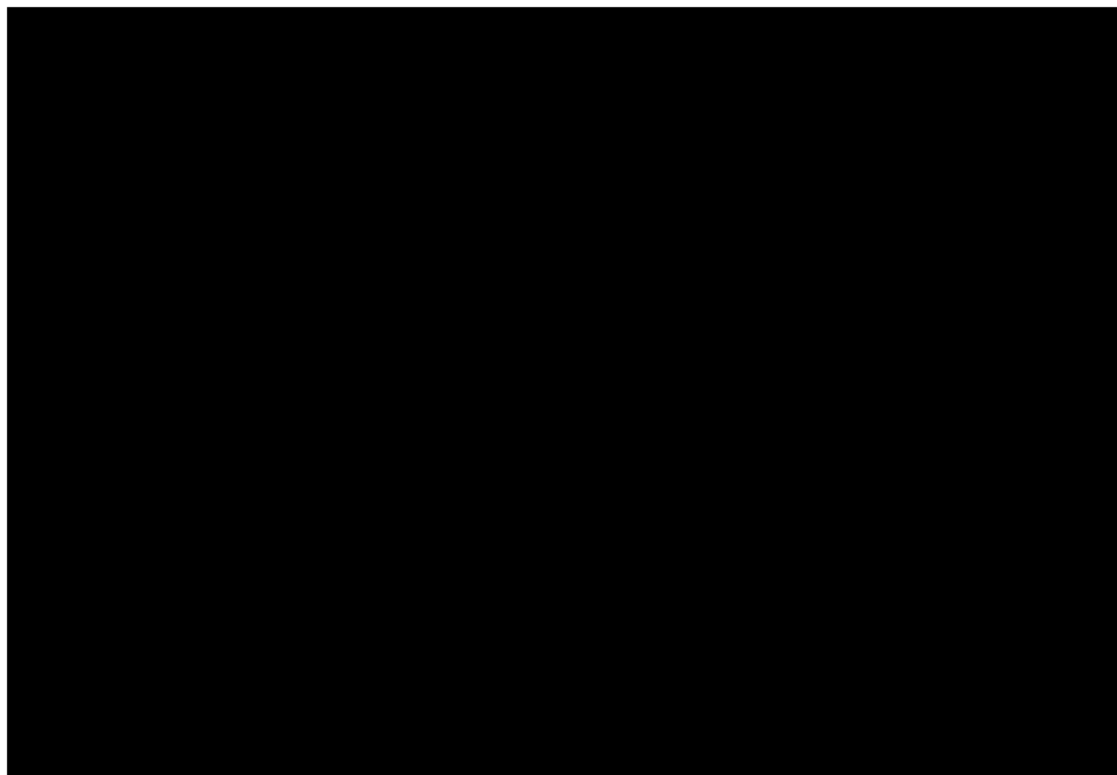
**16.     OPTIONAL: Outstanding achievements or progress of your project so far (300-400 words maximum). This section may be used for publicity purposes**

I agree for the Biodiversity Challenge Funds Secretariat to publish the content of this section (please leave this line in to indicate your agreement to use any material you provide here).

| File Type (Image / Video / Graphic) | File Name or File Location | Caption, country and credit | Online accounts to be tagged (leave blank if none) | Consent of subjects received (delete as necessary) |
|---|---|---|---|---|
| | | | | Yes / No |
| | | | | Yes / No |
| | | | | Yes / No |
| | | | | Yes / No |
| | | | | Yes / No |

End of report. (Page 17 of 31). Annexure in following pages and in onedrive folder

**Annex 1: Report of progress and achievements against logframe for Financial Year 2022-2023**

| Project summary | SMART Indicators | Progress and Achievements April 2022 - March 2023 | Actions required/planned for next period |
|---|---|---|---|
| **Impact**<br>Innovative economic instruments for biodiversity conservation are strengthening community-based natural resource governance, enhancing ecosystem productivity and services, and boosting household economy and well-being, reducing poverty at the grassroots. | | | |
| **Outcome**<br>Scalable, evidence-based Inclusive Conservation Finance (ICF) models reduce poverty and generate direct economic incentives for >500 community members to engage in conservation actions in 2,000 hectares of forest/coastal areas. | 0.1 By End of Project (EoP), target ICF models achieve scalability index score of "moderate" or higher on the VUNA Scalability Assessment Frameworks1, indicating enhanced potential for scalability with minimum investment (2021 baseline = "low").<br>(1 Anandajayasekeram, Ponniah. 2016. Scaling Up and Scalability: Concepts, Frameworks and Assessment. Vuna Research Report. Pretoria: Vuna.)<br><br>0.2 By EoP, >200 community members (at least 45% women) use loans to pursue biodiversity-friendly enterprises (2021 gender baseline: women: 30% Uganda, 40% Zanzibar).<br><br>0.3 By EoP, barriers to access affordable credits lifted for >500 community members (at least 45% women) enabling sustainable livelihood opportunities (2021 gender baseline = women: 30% Uganda, 40% Zanzibar). | 0.1 To be assessed at the end of year-2.<br><br>0.2 528 members are using loans. Women accounting to 54.02% in. Gender break-up for Tanzania will be provided in next Half Year Report (HYR).<br><br>0.3 To be assessed at the end of year-2.<br><br>0.4 Data being analysed. | 0.1 Project impact will be assessed.<br><br>0.2 Continue monitoring the access of loans to members.<br><br>0.3 Training community groups to address barriers identified.<br><br>0.4 Monitoring and data gathering on ongoing community led conservation activities. |

| | 0.4 By EoP, community-led conservation activities, incentivised by eco-credit loans, are occurring in >2,000 hectares of forest/coastal area. | |
|---|---|---|
| **Output 1.**<br>Governance and equity of at least 20 ICF groups and at least 4 CBNRM institutions in Zanzibar (Tanzania) and Uganda is improved before scale up. | 1.1 By EoP, women and youth make up >60% of ICF group / CBNRM institution membership (2021 baseline = Women: 30% Uganda, 40% Zanzibar; Youth: baseline to be established in Y 1)<br><br>1.2 By EOP, 15% increase in ICF group members attending CBNRM institution meetings and reporting being able to influence decision-making, against Y1 baseline<br><br>1.3 By EOP, 70% of men and 70% of women in each of the ICF groups / CBNRM institutions perceive an improvement in the governance practices of the PFOAs (Uganda) and SFC (Zanzibar) | 1.1 Women ICF members in Uganda account to 50.6% and youth to 29.6% (appendix 24 and 26). Data from Tanzania will be available in next HYR.<br><br>1.2 85% ICF members in Tanzania are attending CBNRM meetings and 51% of them believe they are able to influence decision making (Ref activity 1.1. appendix 6). Uganda data is being analysed.<br><br>1.3 Will be assessed at the end of the project. |
| Activity 1.1 Governance assessments of the current ICF pilots, including gender and age dimensions. | First governance assessment completed. | Second assessment will be done on year-2 |
| Activity 1.2 Identifying governance gaps in the ICF community groups, including the participation of women. | Governance gaps identified based on preliminary assessment in Uganda. Assessment completed in Tanzania. | Data analysis will be completed in Uganda. |
| Activity 1.3 Trainings to address the gaps identified. | Activity initiated in Tanzania by gathering community's suggestions on ways to address gaps. | Trainings will begin in Uganda. |
| Activity 1.4 Monitoring the functioning of management committees | Regular monitoring activities were carried out. | Based on governance assessments, functioning of management committees will be monitored |
| 1.5 Monitoring the functioning of ICF groups | Regular monitoring activities were carried out. | Ongoing support will continue. |

| **Output 2.** ICF group members' conservation commitments to deliver biodiversity impact and linkages with local CBNRM institutions are formally agreed through a participatory process | 2.1 By end of Q2 Y2, mutually-agreed, clear and updated conservation commitments are in place in all the ICF groups supported by the project.<br><br>2.2 By EoP, at least 70% of ICF group members engaged in conservation action (2021 baseline to be established in Y1)<br><br>2.3 By EoP, partnership agreements between CBNRM institution and ICF groups, including appropriate governance system in place in at least 20 ICF and at least 4 CBNRM institutions targeted by the project. | 2.1 Terms of loan utilization for biodiversity friendly activities have been recognised in partnership agreements in Uganda (Ref activity 2.3 appendix 14) and identified by community members in Tanzania (Ref activity 2.3 appendix 16).<br><br>2.2 100% ICF members and Uganda and 55% in Tanzania (appendix 24) are engaged in conservation action.<br><br>2.3 Partnership agreements signed between 10 ICF and 2 CBNRM Uganda (Ref activity 2.3 appendix 15). Agreements have been drafted for the remaining 10 ICF and 2 CBNRM in Tanzania (Ref activity 2.3 appendix 16). | |
|---|---|---|---|
| Activity 2.1: Community consultations to develop monitoring and audit mechanisms to ensure capital borrowed is invested in biodiversity-friendly enterprises. | | Community consultations completed. | Implementing the suggestions of community members. |
| Activity 2.2: Focus group discussions and interviews to understand key drivers to switch from unsustainable resource use to sustainable use. | | Activity completed in Tanzania. | Based on the learnings from Tanzania, it will be initiated and completed in Uganda. |
| Activity 2.3 Community consultations to clarifying relationship between ICF groups and CBNRM institutions and their role in monitoring compliance activities. | | Community consultations were completed, and partnership agreements signed in Uganda and drafted in Tanzania. | Agreements will be signed in Tanzania. Communities will be supported to implement the agreed terms between ICF and CBNRM institutions. |
| Activity 2.4 Awareness raising strategy for sustainable use of biodiversity designed and implemented. | | Activity postponed to year 2 | Based on the findings from output 1 and activities of output 2, awareness activities will be initiated. |
| **Output 3.** Innovative digital record keeping tools adopted by at least 20 ICF groups and at least 4 CBNRM institutions in Uganda and Zanzibar (Tanzania) to accurately and transparently manage ecocredit | 3.1 By EoP, mobile phone app refined through field test and ready for roll-out (2021 baseline = app is functional but not tailored to project context)<br>3.2 By EoP, monitoring systems for ecocompliance are created and | 3.1 Data collection app has been developed for Uganda and is undergoing testing in Tanzania (Ref activity 3.2 appendix 19).<br>3.2 Will be monitored in Year-2.<br>3.3 Will be monitored in Year-2.<br>3.4 Will be monitored in Year-2.<br>3.5 Will be monitored in Year-2. | |

| processes and monitor/report on participation in conservation action. | operational, embedded in the digital tool<br>3.3 By EoP, >60% of ICF and CBNRM groups are using digital record keeping tools (2021 baseline = 0)<br>3.4 By EoP, >60% of ICF and CBNRM group leaders report improved management of loan operations<br>3.5 By EOP, >60% of group members (disaggregated by gender, age) are able to understand digital records | | |
|---|---|---|---|
| Activity 3.1 Community consultation to enhance functionalities of the current Greenfi app, in particular, innovative feature for biodiversity monitoring. | Consultations were completed. | Adopting the suggestions of community members in the mobile app. | |
| Activity 3.2 Designing tool, monitor and report on ecological compliance. | Tool has been designed. However, activity paused due to termination of partnership between FFI and Greenfi | Adaptive management will be developed in consultation with partners to roll out the app for community use. | |
| Activity 3.3 Trainings for using the mobile application both at trainer level but also at ICF group member level. | Scheduled to year-2 | Community members will be trained to use the mobile app. | |
| Activity 3.4 Testing this new mobile based application and dashboard with Mkuba groups in Zanzibar and introducing and testing into VSLA groups in Uganda. | First round of testing was carried out using a dummy app. | Second round of testing will be carried out based on adaptive management before rolling out the app for community use. | |
| Activity 3.5 Designing of an "equitable technology" protocol, to reduce risks to project inequity associated with introduction of new tools and technologies | Separate protocols have been developed for contexts of Uganda and Tanzania. | Application of protocol on roll out of the mobile app will be monitored. | |
| Activity 3.6 Community meetings to raise awareness and financial literacy training on the new application. | Postponed to year-2 | Awareness and financial literacy trainings will be implemented. | |
| **Output 4.**<br>Market system approach adopted, and systemic barriers identified and addressed reducing the current high dependency on grant funding for the ICF model to scale up | 4.1 By EoP, at least 25% reduction in cost (financial) of setting up new ICF groups using the community-based trainer approach (2021 baseline to be established in year1) | 4.1 Will be monitored in Year-2.<br>4.2 Will be monitored in Year-2. | |

| | 4.2 By EOP, partnership with at >5 actors in the private sector and/or financial service ecosystem mapped, and >2 private actors showing interest in collaboration (2021 baseline = 0) | | |
|---|---|---|---|
| Activity 4.1 Mapping of the current financial service ecosystem using market system approach in Uganda and Tanzania. | Scheduled to year-2 | Implementing the scheduled activity. | |
| Activity 4.2 Exploring appropriate partnership with actors in the ecosystem to facilitate the scale up with less dependence on grant funding. | Scheduled to year-2 | Implementing the scheduled activity. | |
| Activity 4.3 Design training module for "Training of trainers" | Scheduled to year-2 | Implementing the scheduled activity. | |
| Activity 4.4 Training at least 3 community members per village to set up ICF groups (Community-based trainers' approach) | Scheduled to year-2 | Implementing the scheduled activity. | |
| Activity 4.5 Carry out a stakeholder workshop for identified actors in Zanzibar (Tanzania) | Scheduled to year-2 | Implementing the scheduled activity. | |
| **Output 5** Activity Potential for ICF model to contribute to biodiversity and social impacts is widely communicated, and scale-up strategy designed | 5.1 By EOP, 1 academic paper submitted for publication in a peer-reviewed journal 5.2 By EOP, project findings presented at >1 global conference. 5.3 By EOP, future scale up and investment plan for ICF designed for the Uganda and Zanzibar (Tanzania) landscapes | 5.1 Will be monitored in Year-2. 5.2 Will be monitored in Year-2. 5.3 Will be monitored in Year-2. | |
| Activity 5.1 Project evaluation and analysis of data generated to interrogate the biodiversity impact of ICF and its scalability. | Scheduled to year-2 | Implementing the scheduled activity. | |
| Activity 5.2 Developing academic paper based on the project learning | Scheduled to year-2 | Implementing the scheduled activity. | |
| Activity 5.3 Sharing lesson learnt globally at Global Landscape conferences. | Scheduled to year-2 | Implementing the scheduled activity. | |
| Activity 5.4 Consultation with project partners to design a future scale up and financing strategy. | Scheduled to year-2 | Implementing the scheduled activity. | |

**Annex 2: Project's full current logframe as presented in the application form (unless changes have been agreed)**

| Project summary | SMART Indicators | Means of verification | Important Assumptions |
|---|---|---|---|
| **Impact:** Innovative economic instruments for biodiversity conservation are strengthening community-based natural resource governance, enhancing ecosystem productivity and services, and boosting household economy and well-being, reducing poverty at the grassroots. | | | |
| **Outcome:**<br><br>Scalable, evidence-based Inclusive Conservation Finance (ICF) models reduce poverty and generate direct economic incentives for >500 community members to engage in conservation actions in 2,000 hectares of forest/coastal areas. | 0.1 By End of Project (EoP), target ICF models achieve scalability index score of "moderate" or higher on the VUNA Scalability Assessment Frameworks1, indicating enhanced potential for scalability with minimum investment (2022 baseline = "low").<br><br>(1 Anandajayasekeram, Ponniah. 2016. Scaling Up and Scalability: Concepts, Frameworks and Assessment. Vuna Research Report. Pretoria: Vuna.)<br><br>0.2 By EoP, >200 community members (at least 45% women) use loans to pursue biodiversity-friendly enterprises (2021 gender baseline: women: 30% Uganda, 40% Zanzibar).<br><br>0.3 By EoP, barriers to access affordable credits lifted for >500 community members (at least 45% women) enabling sustainable livelihood opportunities (2021 gender baseline = women: 30% Uganda, 40% Zanzibar).<br><br>0.4 By EoP, community-led conservation activities, incentivised by eco-credit loans, are occurring in >2,000 hectares of forest/coastal habitat. | 0.1 Scalability Assessment reports.<br><br>0.2 loan records of ICF groups.<br><br>0.3 Loan records of ICF groups; community focus group discussions.<br><br>0.4 ICF group member feedback survey.<br><br>0.5 community patrol records; spatial data on reforestation activities; documented conservation commitments | CBNRM leadership and ICF group leaders continue to remain interested in ICF models and scale up.<br><br>Wider socio-political and national policies remain supportive for the model to scale up.<br><br>Members of ICF group continue to repay loan and groups function transparently and equitably.<br><br>Economic incentive generated by ICF model continue to remain as a motivation for community to engage in conservation.<br><br>Members of ICF groups abide by conservation commitments.<br><br>Socio-political environment permits holding community meetings; and the Covid-19 pandemic does not restrict faceto-face meetings. |
| **Output 1**<br><br>Governance and equity of at least 20 ICF groups and at least 4 CBNRM | 1.1 By EoP, women and youth make up >60% of ICF group / CBNRM institution membership (2021 | 1.1 ICF membership survey reports.<br><br>1.2 Membership records. | Governing bodies and members of the CBNRM institutions remain receptive to required organisational |

| institutions in Zanzibar (Tanzania) and Uganda is improved before scale up. | baseline = Women: 30% Uganda, 40% Zanzibar; Youth: baseline to be established in Y 1)<br><br>1.2 By EOP, 15% increase in ICF group members attending CBNRM institution meetings and reporting being able to influence decision-making, against Y1 baseline<br><br>1.3 By EOP, 70% of men and 70% of women in each of the ICF groups / CBNRM institutions perceive an improvement in the governance practices of the PFOAs (Uganda) and SFC (Zanzibar) | 1.3 Participatory Impact Assessment report.<br><br>1.4 Meeting notes and attendance records | reforms to enhance equity and good governance. |
|---|---|---|---|
| **Output 2**<br>ICF group members' conservation commitments to deliver biodiversity impact and linkages with local CBNRM institutions are formally agreed through a participatory process | 2.1 By end of Q2 Y2, mutually agreed, clear and updated conservation commitments are in place in all the ICF groups supported by the project.<br><br>2.2 By EoP, at least 70% of ICF group members engaged in conservation action (2021 baseline to be established in Y1)<br><br>2.3 By EoP, partnership agreements between CBNRM institution and ICF groups, including appropriate governance system in place in at least 20 ICF and at least 4 CBNRM institutions targeted by the project. | 2.1 Records of revised conservation commitments co-developed with community consultation.<br><br>2.2 Conservation activity records of CBNRM<br><br>2.3 Partnership agreements | Community continues to remain interested in conservation and sustainable use of natural resources. There is interest in both the CBNRM institution and ICF in strengthening the partnership. |
| **Output 3**<br>Innovative digital record keeping tools adopted by at least 20 ICF groups and at least 4 CBNRM institutions in Uganda and Zanzibar (Tanzania) to accurately and transparently manage ecocredit | 3.1 By EoP, mobile phone app refined through field test and ready for roll-out (2021 baseline = app is functional but not tailored to project context)<br><br>3.2 By EoP, monitoring systems for ecocompliance is created and | 3.1 Updated version of mobile app.<br><br>3.2 Monitoring systems<br><br>3.3 Records delivered by digital record-keeping tools. | CBNRM and ICF leaderships remain open to change and are interested in adopting digital record keeping tools. |

| | | | |
|---|---|---|---|
| processes and monitor/report on participation in conservation action. | operational, embedded in the digital tool<br><br>3.3 By EoP, >60% of ICF and CBNRM groups are using digital record keeping tools (2021 baseline = 0)<br><br>3.4 By EoP, >60% of ICF and CBNRM group leaders report improved management of loan operations<br><br>3.5 By EOP, >60% of group members (disaggregated by gender, age) are able to understand digital records | 3.4 Community focal group discussions; user satisfaction surveys<br><br>3.5 Community focal group discussions; user satisfaction surveys | |
| **Output 4**<br>Market system approach adopted, and systemic barriers identified and addressed reducing the current high dependency on grant funding for the ICF model to scale up | 4.1 By EoP, at least 25% reduction in cost (financial) of setting up new ICF groups using the community-based trainer approach (2021 baseline to be established in year1)<br><br>4.2 By EOP, partnership with at >5 actors in the private sector and/or financial service ecosystem mapped, and >2 private actors showing interest in collaboration (2021 baseline = 0) | 4.1 Cost analysis<br><br>4.2 Report of financial ecosystem mapping; Private sector meeting reports. | Interest and capacity in target communities to join the "Training of trainers" sessions.<br><br>ICF groups are happy to be trained by a community member instead of FFI or partners.<br><br>There is interest by private sector and financial intermediaries in inclusive conservation finance.<br><br>Current National Financial Inclusion policies provide an enabling condition for ICF-financial intermediary partnerships. |
| **Output 5**<br>Potential for ICF model to contribute to biodiversity and social impacts is widely communicated, and scale-up strategy designed | 5.1 By EOP, 1 academic paper submitted for publication in a peer-reviewed journal<br><br>5.2 By EOP, project findings presented at >1 global conference.<br><br>5.3 By EOP, future scale up and investment plan for ICF designed for | 5.1 Journal confirmation<br><br>5.2 Conference announcement, presentation slides.<br><br>5.3 Scale-up strategy document | Community willingness to share their experience of the project. |

| | the Uganda and Zanzibar (Tanzania) landscapes | | |
|---|---|---|---|

**Activities** (each activity is numbered according to the output that it will contribute towards, for examples 1.1, 1.2 and 1.3 are contributing to Output 1)

Output 1:
Activities:
1.1 Governance assessments of the current ICF pilots, including gender and age dimensions.
1.2 Identifying governance gaps in the ICF community groups, including the participation of women.
1.3 Trainings to address the gaps identified.
1.4 Monitoring the functioning of management committees
1.5 Monitoring the functioning of ICF groups

Output 2:
Activities:
2.1 Community consultations to develop monitoring and audit mechanisms to ensure capital borrowed is invested in biodiversity-friendly enterprises.
2.2 Focus group discussions and interviews to understand key drivers to switch from unsustainable resource use to sustainable use.
2.3 Community consultations to clarifying relationship between ICF groups and CBNRM institutions and their role in monitoring compliance activities.
2.4 Awareness raising strategy for sustainable use of biodiversity designed and implemented.

Output 3:
Activities:
3.1 Community consultation to enhance functionalities of the current Greenfi app, in particular, innovative feature for biodiversity monitoring.
3.2 Designing tool, monitor and report on ecological compliance.
3.3 Trainings for using the mobile application both at trainer level but also at ICF group member level.
3.4 Testing this new mobile based application and dashboard with Mkuba groups in Zanzibar and introducing and testing into VSLA groups in Uganda.
3.5 Designing of an "equitable technology" protocol, to reduce risks to project inequity associated with introduction of new tools and technologies
3.6 Community meetings to raise awareness and financial literacy training on the new application.

Output 4:
Activities:
4.1 Mapping of the current financial service ecosystem using market system approach in Uganda and Tanzania.
4.2 Exploring appropriate partnership with actors in the ecosystem to facilitate the scale up with less dependence on grant funding.
4.3 Design training module for "Training of trainers"
4.4 Training at least 3 community members per village to set up ICF groups (Community-based trainers' approach)
4.5 Carry out a stakeholder workshop for identified actors in Zanzibar (Tanzania)

Output 5:
Activities:

5.1 Project evaluation and analysis of data generated to interrogate the biodiversity impact of ICF and its scalability.

5.2 Developing academic paper based on the project learning

5.3 Sharing lesson learnt globally at Global Landscape conferences.

5.4 Consultation with project partners to design a future scale up and financing strategy.

# Annex 3: Standard Indicators

Due to staff annual leave and illness affecting capacity, we have not had the opportunity to complete Annex 3 since its introduction. These will be thoughtfully considered and included in the next reporting deadline

In addition to reporting any information on publications under relevant standard indicators, in Table 2, provide full details of all publications and material produced over the last year that can be publicly accessed, e.g. title, name of publisher, contact details, cost. Mark with an asterisk (*) all publications and other material that you have included with this report.

**Table 2       Publications**

| Title | Type <br> (e.g. journals, manual, CDs) | Detail <br> (authors, year) | Gender of Lead Author | Nationality of Lead Author | Publishers <br> (name, city) | Available from <br> (e.g. weblink or publisher if not available online) |
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**Checklist for submission**

|  | Check |
|---|---|
| Different reporting templates have different questions, and it is important you use the correct one. Have you checked you have used the **correct template** (checking fund, type of report (i.e. Annual or Final), and year) and **deleted the blue guidance text** before submission? | Yes |
| **Is the report less than 10MB?** If so, please email to BCF-Reports@niras.com putting the project number in the Subject line. | Yes |
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| **Have you included means of verification?** You should not submit every project document, but the main outputs and a selection of the others would strengthen the report. | Yes |
| **Do you have hard copies of material you need to submit with the report?** If so, please make this clear in the covering email and ensure all material is marked with the project number. However, we would expect that most material will now be electronic. | No |
| If you are submitting photos for publicity purposes, do these meet the outlined requirements (see section 16)? | No |
| Have you involved your partners in preparation of the report and named the main contributors | Yes |
| Have you completed the Project Expenditure table fully? | Yes |
| Do not include claim forms or other communications with this report. | |